100th Congress
1st Session

COMMITTEE PRINT

S. PRT.
100-46

ON-SITE STAFF EXAMINATION OF NARCOTICS CONTROL EFFORTS IN BOLIVIA

A STAFF REPORT

PREPARED FOR THE USE OF THE

SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL

JULY 1987

U.S. GOVERNMENT PRINTING OFFICE

75-740

WASHINGTON : 1987

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

5940-4.

SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL

JOSEPH R. BIDEN, Delaware, *Chairman*
ALFONSE M. D'AMATO, New York, *Cochairman*

DENNIS DECONCINI, Arizona
ALAN J. DIXON, Illinois
BOB GRAHAM, Florida
FRANK H. MURKOWSKI, Alaska
PETE WILSON, California

INTRODUCTION

The Senate Caucus on International Narcotics Control is charged with periodically reporting to the Senate on matters relating to issues within its jurisdiction. From April 10 to 14, 1987, Caucus staff members from the offices of Senator D'Amato and Senator DeConcini accompanied a congressional staff delegation that traveled to Bolivia to examine the narcotics control efforts of the United States and the Government of Bolivia. This report summarizes the current drug control situation in Bolivia, poses questions to the U.S. Department of State and the Drug Enforcement Administration regarding U.S. assisted narcotics control efforts in Bolivia, and includes recommendations to improve such efforts.

This report provides a current and thorough analysis of the drug control situation in Bolivia. The report was prepared by Morgan Hardiman, minority staff director of the Caucus, and Tim Carlsgaard, Caucus staff member for Senator DeConcini.

CONTENTS

	Page
Introduction	III
I. Friday and Saturday, April 10 and 11	1
II. Sunday, April 12	6
III. Monday, April 13	9
The American Embassy	9
The Foreign Ministry	11
The Confederation of Private Businessmen (CEPB)	11
Planning Ministry	12
Bolivian Congress	13
IV. Tuesday, April 14	13
American Chamber of Commerce of Bolivia	13
Peasant and Agriculture Affairs Ministry	13
Ministry of the Interior	15
V. Recommendations of Caucus Staff	17
VI. State Department Responses to Recommendations	18
VII. State Department Responses to Questions	22
VIII. Drug Enforcement Administration Responses to Questions From Senator Biden	27

ON-SITE STAFF EXAMINATION OF NARCOTICS CONTROL EFFORTS IN BOLIVIA

I. Friday and Saturday, April 10 and 11

We arrived at Viru Viru Airport in the city of Santa Cruz, the capital of Santa Cruz Department in the eastern-most section of Bolivia on the evening of Friday, April 10. We had dinner with Frank Foulger (U.S. Embassy political officer), Doug Dobson (U.S. Embassy administrative officer), and Carlos Barrero (American Chamber of Commerce representative) This was followed by a tour of the city, and brief explanations of the current anti-drug effort.

On Saturday morning, we flew east from Santa Cruz in a Spanish-made CASA 212 transport plane to San Ignacio, soon to be the new forward base of the joint DEA-Bolivian Police (UMOPAR, the Spanish language acronym for "Mobile Rural Patrol Unit") drug interdiction effort. Traveling with us were Jim Bradley (DEA), Tom Cepeda (U.S. NAU, for Narcotics Assistance Unit), Rodrigo Navarro (Bolivian Embassy, Washington), Becky Gold (U.S. Embassy, La Paz), Captain Carlos Borriga (UMOPAR), a sergeant with U.S. Army Special Forces, and two DEA pilots.

There was some question whether the helicopters that were supposed to take us to the lab site would be at San Ignacio when we landed. Law enforcement personnel that day stressed the enormous difficulties that logistics and the coordination of personnel and equipment present in Bolivia.

Our target was a cocaine lab near Estancia La Silva that had been decommissioned two weeks before our arrival. It was hidden away in the triple canopy jungle more than 100 miles east of San Ignacio and 30 miles from the Brazilian border. It is at such labs that the coca sulfite purchased in the Chapare region to the west is converted to cocaine base and hydrochloride (HC1).

Three single-engine HU-1 ("HUEY") helicopters were available at San Ignacio. The helicopters are loaned to the Bolivians by the State Department's Narcotics Assistance Unit. Each helicopter has a three-man crew, which includes a Bolivian Air Force pilot, co-pilot, and mechanic, who also serves as a machine gun operator.

In one helicopter, there were a few UMOPAR police armed only with 1930's vintage M-1 rifles and one cartridge per policeman. Although the DEA takes along more modern M-16s for use in an emergency, it was obvious that in any serious firefight, the UMOPAR officers could be easily defeated. One DEA agent put it this way, with only slight exaggeration: "I've never seen them hit something they were aiming at yet."

The vastness of the Bolivian jungle became evident during the more than one-hour flight. The area we flew over was made up of hundreds of square miles of seemingly unbroken jungle, with an oc-

casional dry river bed, path or road, and a number of ponds, swamps, streams, and curving rivers.

If a helicopter developed engine trouble in this region, and was forced to land, chances of it being located would be slim.

The Bolivian Air Force pilots had some difficulty locating the lab site. They got completely lost returning from it. Although they have received training from the U.S. military, we were told they constantly have problems navigating effectively.

The problem with the pilots is not limited to their navigational shortcomings. According to those we traveled with, the involvement of the Bolivian Air Force is a major weakness of the interdiction program. The pilots do not care about the drug problem or the interdiction program, which they see as strictly an American and UMOPAR operation.

We were also told that they are notoriously corrupt. There have been several missed opportunities to seize cocaine labs because of the pilots' refusals to fly. UMOPAR and DEA personnel strongly suspect that the excuses the pilots give for not flying (e.g., bad weather and lack of fuel) are covers for the fact that the pilots have been paid off to prevent missions from taking place.

In fact, the pilots almost refused to fly the day we were there because they had not received their $20 per diem.

Unfortunatley, UMOPAR police are not qualified to fly the helicopters, and it has not been politically possible to exclude the Air Force from the interdiction program. Nevertheless, we recommend pushing forward with the effort to find an alternative source of pilots, whether by training UMOPAR police, or hiring pilots in the private sector.

Our helicopters landed in thick six-foot high grass about 100 yards from the actual lab site. The temperature rose to about 100 degrees Fahrenheit, and we were constantly bothered by swarming mosquitos and other insects. The UMOPAR police working under such conditions regularly develop malaria, skin diseases, and other illnesses.

At the lab, our first sight was a collection of about a dozen drums containing acetone. We proceeded to a series of sheds containing: three electric generators used to pump water and operate the other equipment; a small Brazilian-made tractor; a centerfuge separator used to separate ether from cocaine hydrochloride; and a cocaine drying area. Off to one side was a shack with a cement floor that had been used to store cocaine.

The generators, tractor and chemical separator were destroyed because the available HUEY helicopters were too small to remove them.

We recommended that the DEA consider providing its personnel in Santa Cruz with two-engine helicopters that have the ability to remove equipment found at lab sites.

The lab had been found 2 weeks earlier because of a tip provided by an informant. It was a moderate-sized lab that represented a basic investment of less than $1 million: $500,000 for chemicals; $100,000 for equipment; and the rest for labor and miscellaneous start-up and operating costs.

Although the lab's production capacity cannot be stated with certainty, it could probably produce 500 kilograms (or 500,000 grams)

of cocaine per month. With the street price of cocaine approximating $100 per gram, it is significant that an investment of less than $1 million can, in a very short time, yield a $50 million return ($100/gram × 500,000 grams).

The probable scenario was that Bolivian traffickers would sell the cocaine produced at this lab to Colombian traffickers for $3,000 per kilogram. Cocaine's street price, which has been as high as $40,000 per kilogram, is creating a trend among Bolivians toward greater involvement in all levels of cocaine trafficking. Under this process, known as "vertical integration", coca producing peasants are starting to become more involved in cocaine processing, while those operating the labs are becoming more involved in distribution.

In addition to the destruction of over $200,000 worth of ether, our visit served to educate us in the fundamentals of interdiction at the source.

The potential of an effective interdiction campaign was demonstrated last year during Operation Blast Furnace, in which DEA, U.S. Army, and Bolivian forces combined from July through November in a massive lab destruction effort. Prior to Blast Furnace, a 100-lb. bag of coca leaf (known as a "carga") could be purchased in Bolivia for $100 to $110. At a production cost of $45, each bag represented a $55 to $65 profit. During Blast Furnace, the price of a carga dropped to $15. This is because interdiction at the source had succeeded in almost completely stifling cocaine production activity in Bolivia. By cutting off the production of cocaine in Bolivia, Blast Furnace effectively eliminated the demand for coca, its raw material.

Prior to Blast Furnace, the street price of cocaine was about $40,000 per kilogram. Immediately after Blast Furnace, traffickers hungry for cash flooded market with the cocaine they had stored up during Blast Furnace. This resulted in an oversupply of cocaine that briefly reduced the street price to $11,000 per kilogram.

In the month before our arrival, DEA-UMOPAR had destroyed 8 labs in a 110-mile radius. Thse labs contained 152 55-gallon drums of ether and acetone.

There is evidence that drug production had revived during the rainy season that was coming to an end during our visit. Two of the sites destroyed in the last month had been hit during Operation Blast Furnace last year.

In the course of our visit to Santa Cruz Department, we learned that lab raids result in almost no arrests or drug seizures. One reason is that the noise and sight of the DEA helicopters in the remote jungle give sufficient advance warning to those working in the labs.

According to DEA personnel in Bolivia, they rely on tips provided by informants to locate cocaine labs. Finding labs through searchers of the jungle without prior information would be extremely difficult, if not impossible.

We also learned that there is great ambivalence among the Bolivians about the drug interdiction effort. On the one hand, they recognize that drug addiction in their own country is increasing, and that drug traffickers are taking over legitimate businesses and may eventually take over the government. On the other hand, coca

provides a livelihood for about 50,000 peasant families and accounts for about 60 percent of the value of Bolivia's annual exports ($600 million out of an estimated $1 billion).

Another problem is the seeming inability of Bolivian police to learn how to conduct follow-up drug investigations. The surest way to improve the results of our effort in Bolivia in the short-term, therefore, is to increase the number of DEA and NAU personnel. We were encouraged to learn that DEA plans to nearly triple its assignment of permanent positions in Bolivia, from 11 to 31, by September. The State Department should follow DEA's lead and recognize the need to reinforce NAU's operations in the Chapare with at least two more contract employees.

As we previously noted, there is no perfect method of locating lab sites. Each possible method has its own drawbacks and limitations.

According to one theory, a network of informants will provide agents in the field with basic information about possible sites. The field personnel will then conduct fly-overs and photograph suspected sites. Unfortunately, these flyovers may well alert drug traffickers that an enforcement operation is about to take place.

After analyzing the photographs and other information they have received, intelligence personnel in La Paz search for "signatures", or reliable signs of cocaine processing activity, and set priorities.

Another frustrating aspect of intelligence gathering is that the drug traffickers continually change the signatures. As one DEA agent said, "They're always changing, always one step ahead of us."

Although signatures are constantly changing, two varieties have been common:

1. An airstrip in the middle of the jungle, and a narrow road leading away from it and leading up to a partial clearing with a few small buildings; and

2. An airstrip near a small town or river, a boat dock, some cattle placed there for show, and as many as 15 or 16 buildings.

The current plan is for DEA intelligence personnel in La Paz to attempt to stay 10 days ahead of the people in Santa Cruz.

Given the problems with existing intelligence gathering methods, there is some question whether it might not be better for field personnel to make on the spot decisions about which sites to attack. It may be that the time it takes for a decision to be made in La Paz gives the traffickers too much time to escape. At the same time, field personnel are spread very thin, and cannot afford to go to locations that do not turn out to contain cocaine processing laboratories.

At the lab site on Saturday, April 10, DEA, NAU and U.S. Army personnel also conducted a test of a radio transmitte loaned by the U.S. Army in Panama. There is a critical need for sophisticated radio equipment that will allow personnel in the field to keep in constant communication with one another. Clearly, we should be providing DEA with more suitable radio equipment.

Despite the many constraints on our current effort, three positive statements can be made:

1. Captain Borriga is an honest, intelligent and dedicated officer. He represents an element of the UMOPAR officer corps that, while small in number, is genuinely attempting to combat narcotrafficking. We did not know it at the time, but the level of honesty, competence and dedication represented by Captain Borriga is a thin one throughout Bolivian Government and law enforcement agencies. The low salaries that top officers earn (some earn no more than $300 per month) encourages corruption. The situation is made even worse when, as often happens, the Bolivian Government finds itself without the funds to pay salaries on a timely basis.

During our visit, we would repeatedly hear that there are relatively few such individuals in upper and middle level government and law enforcement positions. The ability of these people to plan and follow through on projects is necessarily hampered by their small numbers.

2. The UMOPAR forces in Santa Cruz, while probably not totally free of corruption, are generally honest and dedicated. The same, unfortunately, cannot be said of the UMOPAR forces in the Chapare region to the west.

3. There is a high degree of cooperation between the Americans and Bolivians in Santa Cruz that needs to be encouraged and supported.

Despite these positive aspects, there are clear limits to what the interdiction operation can accomplish as it is currently constituted:

1. It does not break the so-called "Colombian Connection", made up of powerful Colombian families who are thought to be the key instigators of international cocaine trafficking;

2. It does not eradicate coca. One DEA agent stated that we will only succeed in the war on cocaine when coca-producing countries eradicate coca on a scale similar to Mexico's opium poppy eradication program in the 1970's. "You have to send in the bulldozers with root plows," he said.

3. It does not put drug traffickers in prison. Up to now, the Bolivian Government has put no major drug traffickers in prison. One agent put it this way: "We can knock off three labs a week, but if the owners and operators aren't arrested, they can set up someplace else."

4. It is constantly hampered by low and upper-level corruption.

Each of these problems must be addressed forcefully and directly in the very near future if lasting progress is to be made. Progress in three other areas is also needed if results from the current interdiction effort are to be improved:

1. Because ether today has very limited legal uses, control of the production and transportation of this precursor chemical should be a major law enforcement priority. The Governments of South America, including the Bolivian Government, are doing far too little about this, however.

2. Another limitation on the current operation is the inefficiency in the area of logistics. There are long delays in supplying field personnel with the most basic and essential maintenance materiel, such as oil, air and gas filters. The State Department and DEA should determine the causes of these delays and work to eliminate them.

3. There is a Spanish word that we heard repeatedly from Captain Borriga to express the need of the forces in Santa Cruz: "apoyo" or support. He said they need more training and more reliable supply lines. Everything we saw on Saturday bears out the truth of that statement.

The actual process of exploding the chemicals at the lab site provides a good example. The present method involves pouring highly volatile ether from one drum around all the other drums, and then firing from close range at the drums until they start exploding. One alternative that should be carefully studied and considered is the training of UMOPAR police in the use of plastic explosives.

The destruction of equipment at the lab site must also be addressed. One option suggested by the sergeant with the U.S. Army Special Forces was as thermite grenade that, in effect, melts the equipment. It is not clear that the method now used, which consists primarily of firing bullets at the equipment and setting it on fire, completely destroys the equipment.

We had spent a total of about 1½ hours at the lab site. Shortly after our departure, the lead helicopter made an unscheduled stop at what appeared to be a start-up lab, containing about $50,000 worth of ether and acetone in storage drums. The machine gun that was fired at these drums jammed after 8 to 10 rounds. Had our people been attacked by armed drug traffickers, they might not have survived.

The other two helicopters found an airstrip nearby. A close on-site examination determined that it had been used within the last week.

After an extended period of about an hour in which the pilots lost their way, the helicopters landed at San Ignacio and refueled. We left at 4:20 p.m. and landed back at Santa Cruz at 5:30 p.m.

Conclusion after a day in Santa Cruz: we will never beat the drug traffickers at this rate. Our personnel in the field deserved the reinforcements they have been promised, and more.

II. Sunday, April 12

We departed Viru Viru Airport at 8:20 a.m. aboard the CASA 212, accompanied by NAU Agent Tom Cepeda. Our destination was the Chapare region, the leading growing area in Bolivia for the coca used for the production of cocaine.

The day was very cloudy, and there was a chance of heavy rains, so it was not clear that the CASA would be able to land on the gravel landing strip near Iviragazama. However, the weather held, and we were met at the strip by NAU's Bolivia Chief, Don Yellman.

Only one helicopter was available. One was being repaired, and another was being used to transport someone who had been injured in a car accident one half hour before we arrived. Half of our group flew in the helicopter to the UMOPAR base at Chimore, and the other half drove there.

At Chimore, we took turns in the helicopter flying over vast areas where coca is grown and where coca leaves are picked and dried in the sun.

During our stay, heard again that UMOPAR forces in the Chapare are not as dedicated as those in Santa Cruz, and that there is a need for more commitment by the Bolivian government to eradication and law enforcement in the Chapare, and for less foot dragging and excuses. A very extensive corruption problem also hinders our efforts in the area. It pervades the UMOPAR forces in the Chapare, where the word for it is "charla." We were told that the problem of corruption extends throughout Bolivian law enforcement and government. As recently as March, Fernando Barthelmy, the Minister of the Interior responsible for the anti-narcotics effort, was forced to resign because of widespread complaints he was corrupt.

We were also told that NAU has identified five airstrips that are controlled by small towns in the Chapare that are adjacent to them. A typical scenario is that 3 days in advance of the traffickers' use of the airstrips, they approacah the town officials for permission to land. The Traffickers pay off the town officials in amounts ranging from $15,000 to $25,000. This ensures use of the airstrips by the traffickers without interference by law enforcement officials. These fees are usually split up among the town officials, and are sometimes used for town projects. When NAU and UMOPAR have entered these areas to intercept these aircraft, they have found the roads blocked with broken down vehicles.

The American personnel in the Chapare laboring against such great obstacles must be reinforced. As previously noted, NAU has requested two additional helicopters.

One of the main barriers to coca eradication in Bolivia is an economic one. Over a 5-year period, it is estimated that a peasant, or campesino, can earn $2.50 to $3.50 per pound of coca leaf. Since a hectare of land can produce over 4,400 pounds (2 metric tons) of dry leaf a year, a hectare of coca can produce an annual income of well over $10,000.

Outlawing the growing of cocaine is very unpopular among tens of thousands of peasants for whom coca is the number one cash crop. Even if the price of coca can be reduced to Blast Furnace levels, and alternative crops such as oranges, bananas, avocados, and coffee introduced, it will take several years before they produce yields and provide a new source of income. Assuming all these problems can be worked out, export markets must be found for the new crops.

Under the 3-year eradication plan proposed by Bolivia, there is to be one year in which peasants will be paid to eradicate their coca crops voluntarily. They are to be paid $2,000 per hectare eradicated. Not until interdiction at the source drives down the price of coca well below current levels, however, will such a voluntary program attract more than a few peasants. Not until the Bolivian Government, and particularly the Chamber of Deputies, demonsrates more political will by passing and enacting the anti-narcotics bill into law, can we expect an effective eradication program in Bolivia.

Although the eradication and interdiction programs in the Chapare are in their infancy, NAU agent Tom Cepeda has been threatened several times with violence. He tells of making his rounds at night, leaving his car at the end of a road, proceeding by foot into

the jungle, and hearing peasants cutting down a tree and placing it behind the car to block his exit. Shortly afterwards, on occasion, dynamite has exploded near him. Also at times, peasants have blocked the NAU's and UMOPAR's exit from a town by closing the roads.

After viewing the coca fields from the air, we were able to see that access to many areas is extremely limited, and in fact are almost inaccessible, due to the lack of roads. We learned that spraying the fields is not an effective means of eradication. Spraying only kills existing leaves. Immediately after a spraying, new leaves will begin to sprout.

Not even bulldozing the fields with root plows would guarantee effective eradication. The peasants can replant their fields and, within 9 months, new plants will grow and be ready to start producing.

From Chimore, we drove to the "Villa Tunari", a small house in the Cochabamba Department. Along the way, we had to drive across two small rivers because the bridges over them had been washed out during the rainy season. After lunch, we all got into a van and continued on to the city of Cochabamba. The drive lasted more than 2 hours, and took us over many miles of unpaved mountain roads.

We departed Cochabamba Airport at 5:30 p.m., and arrived in La Paz just after 6 p.m.

That evening, U.S. Ambassador Edward Rowell and his wife Lee hosted a reception for us at their residence. Opinions on the situation in Bolivia and the Bolivian commitment to law enforcement and eradication varied considerably.

The DEA chief in Bolivia stated that the Bolivians are more cooperative than at any time since the early 1970s. He did admit, however, that corruption continued to frustrate progress in the interdiction campaign. He told of the wife of one UMOPAR officer who told him she did not want her husband to stay in his present job for too long. He is honest now, she had said, but did not know how long he could remain so.

Investigators from the General Accounting Office (GAO) were more negative in their assessment. They indicated that the U.S. Mission in Bolivia had estimated a much higher number of hectares of coca under cultivation than is reported in the State Department's *International Narcotics Control Strategy Report.*

A second problem cited by the GAO representatives was that the U.S. military group in Bolivia has chosen eight very expensive boats for DEA to operate as part of an interdiction program it plans to operate on Bolivia's rivers. Staffing these boats will constitute a drain on DEA manpower, and paying for them will be a drain on the NAU budget.

A third problem is that the Bolivians do not regularly meet to review their action plan, and to resolve problems of logistics and coordination among their various agencies involved in the antidrug effort.

The fourth problem cited by GAO investigators is in the area of intelligence. By the time fly-overs of suspected lab sites are completed, photographs are relayed to headquarters in La Paz, and

headquarters approves an enforcement action, the traffickers are long gone, and all that remains are the acetone and ether.

III. Monday, April 13

THE AMERICAN EMBASSY

At 9 a.m., we were briefed by the Ambassador and representatives of DEA, AID, the military group, and other members of the Country Team. United States efforts in Bolivia have three principal aims:

1. Support the move toward democratization that has been under way in Bolivia since the 1985 election of President Paz Estenssoro. As a result of the 1985 elections, Bolivian cities and towns are now governed by elected mayors and councils for the first time since 1951.

2. Encourage the government's economic reforms, which are based on a free market philosophy. The Paz government has denationalized the mining industry, reducing employment in that sector from 57,000 2 years ago to 17,000 today; kept government salaries extremely low (e.g., $1,000 per month for Cabinet ministers and members of Congress, and $50 to $100 per month for teachers and police); eliminated price controls; and reduced inflation from 25,000 percent a few years ago to less than 25 percent today. The government is run almost literally on a cash basis. No money is spent unless it is in the national treasury.

3. Score major successes against drug trafficking. There is serious concern that by the next Presidential election in 1989, the economic power of the traffickers will allow them to dictate the results. Banks, car dealerships, soccer teams, and other enterprises are being taken over by drug dealers interested in finding ways to launder their illegal profits. Legitimate businesses are being driven into bankruptcy because they cannot compete with traffickers.

The anti-narcotics legislation now pending in the Bolivian Congress is essential to the implementation of a 3-year anti-narcotics plan. Under this plan, it is hoped that interdiction will cut off the flow of drugs and drug money within Bolivia. The proposed legislation outlaws coca production everywhere but in traditional coca producing regions, and set 10,000 hectares as the ceiling for legal cultivation. Leaves of legally grown coca are used for tea and are chewed by the Indian population.

The proposed law, which has passed the Senate and is pending in the Chamber of Deputies, also provides explicitly for the extradition of drug traffickers, the control of precursor chemicals, long prison terms for violators, and drug prevention and rehabilitation.

All these measures are expected to lead to a second stage, marked by a decline in the price of coca leaf. It is hoped that, at this point, it will be easier to persuade peasants to abandon coca cultivation and to permit the eradication of coca crops. The third step under the proposed plan is the development of new economic activities and substitute crops (rice, bananas, coffee, etc.).

Proponents of this strategy cite their experience during Operation Blast Furnace, in which 40,000 peasants did leave the coca producing regions, as proof that the peasants can be persuaded by

low coca prices and effective law enforcement to abandon coca cultivation.

The first problem that must be surmounted before this strategy can be put into effect is the passage of the anti-narcotics legislation by the Chamber of Deputies. The Bolivian legislative process can be as complicated as ours, and provides as many opportunities for delay.

Complicating matters is the system of weighted voting in the Chamber, where rural (i.e., coca producing) regions are heavily favored. Also, Chamber rules provide for extensive debate, on a line-by-line basis, of every section of the bill. Opponents can kill the bill by extended debate.

The Chamber can approve this legislation first in principal (en grande), and can then proceed with a protracted article-by-article debate before a first vote. The bill would then go back to Committee for editorial correction, and be sent back to the floor for a final vote. Even in the more friendly Senate, this process took 3½ months.

The only way this legislation is likely to pass is if the Bolivian Government can demonstrate to the peasants and to the Chamber that it has the funds necessary to pay the peasants $2,000 per hectare to eradicate their coca crops. The peasants have a deep mistrust of the central government, and it is well known that even today, salaries go unpaid for months.

Although the United States has promised to contribute $115 million, subject to passage of the anti-narcotics plan by the Bolivian Congress, to assist the Bolivian Government and to provide the peasants with food, clothing, and commodities as they abandon coca cultivation, it has refused to pay cash to the peasants, citing restrictions in the Foreign Assistance Act.

Another very serious problem with our anti-narcotics strategy is that it can take as long as 4 to 6 years for the substitute crops to grow and to become profitable.

Everything need not be put on hold pending enactment of the new law, however. Extradition offers important opportunities for breakthroughs against narcotraffickers in Bolivia. Our 1901 treaty with Bolivia provides for extradition, although it does not specifically mention narcotics offenses. However, both the United States and Bolivia are signatories to the 1961 Single Convention on Narcotic Drugs, which provides that narcotics offenses are to be considered covered by all extradition agreements between signatory nations.

Several other important points were raised during our briefing at the Embassy:

1. The Roman Catholic Church has been driven out of several coca cultivation areas. Threats have been made against the lives of Catholic priests.

2. The American Embassy has been attempting to get Anti-Terrorism Assistance funds to help with the training of Bolivian law enforcement officers. They would like to build on DEA's program, which has trained four new Bolivian special narcotics prosecutors and about 30 Bolivian police as part of its Office of Special Investigations.

3. There will be an important opportunity to encourage the Bolivian democracy during this year's election cycle leading up to the municipal elections in December. These elections will be only the second free elections in Bolivia since 1952. The results will have major implications for the 1989 Presidential elections. We have asked the Bolivian Government for details concerning how we can provide technical and material assistance.

THE FOREIGN MINISTRY

At 10:30 a.m., we called on Foreign Minister Dr. Guillermo Bedregal Gutierrez. He had just returned from Vienna. He described his visit as the first occasion in which an independent country has appealed to the world community for assistance in its own internal struggle against narcotics. Nevertheless, his reception was cool, and the results disappointing.

The Foreign Minister singled out the Italian Government as being the most forthcoming. He also praised Giuseppe Di Genaro, the President of the United Nations Fund for Drug Abuse Control (UNFDAC). He concluded the meeting by appealing to us for help in developing a method of paying the peasants to eradicate coca. However, he said, this is not a precondition to passage of the anti-narcotics law, and, "Even if the United States does not support this, we will fight."

THE CONFEDERATION OF PRIVATE BUSINESSMEN (CEPB)

During lunch, we had extensive discussions about the Bolivian economy. The hyperinflation in Bolivia before 1985, we were told, was the seventh highest in human history. At one point, the dollar on the black market was worth ten times the legal rate of exchange. Since 1985, under the comprehensive economic plan contained in Supreme Decree 21060 and supported by the country's two largest political parties, Bolivia has moved from a state-controlled economy to a free economy. The exchange rate has stabilized, while inflation has been reduced to less than 25 percent. There are no trade barriers, other than a 20 percent across-the-board tax on all imports.

Nevertheless, stabilization has not yet led to a reactivation of the economy. Enormous problems remain. The country is in the midst of a profound recession. The bottom has fallen out of the tin market, formerly Bolivia's leading export. In 1 week, tin lost 70 percent of its value. Oil and coffee prices are also depressed.

Since Bolivia is such a small country, Bolivian businessmen have no opportunity to take advantage of economies of scale. They face enormous transportation costs due to the lack of a road system connecting Bolivia to markets in neighboring countries. When they seek financing from banks, they have to pay fees up to 30 to 35 percent in the form of interest and various duties.

Bolivia's national debt and gross domestic product are both about the same: $4 billion. Coca accounts for 60 percent of the value of its exports.

In all this bleak picture, there is some good news and reason for hope. Despite hyperinflation, Bolivia turned to democracy, not to-

talitarianism. We were also told by the Mayor of La Paz that his city's tax receipts are up tenfold over last year.

PLANNING MINISTRY

We met with the Minister of Planning, Gonzalo Sanchez de Lozada, at about 3 p.m. In the course of this meeting, we urged him to work for a visit of President Paz Estenssoro to the United States. The Minister, who at first had serious reservations about such a visit, seemed convinced by the end of our talks that it could prove very helpful.

The Minister offered a very interesting perspective on the narcotics issue. He said many in government avoid it because it is an extremely difficult one, and the chances of success are perceived to be slim. His analysis of the anti-narcotics law's chances of passage was considerably more pessimistic than the Foreign Minister's.

The stumbling block, he said, is the absence of money to pay the peasants $2,000 per hectare of coca eradicated during the one-year voluntary eradication period. He did warm to one possibility we raised, namely, that the United States might agree to provide these funds subject to Bolivia's enactment of the anti-narcotics law, and implementation of a peasant-assistance plan that the President of the United States certifies is effective. Another idea raised during the meeting was the paying of money to the peasants on a monthly or bi-monthly basis, rather than in a lump sum, and that the distribution of funds be made a responsibility of the U.S. Agency for International Development, or the U.N. Fund for Drug Abuse Control.

The Planning Minister also offered a new perspective on how cocaine production adversely affects the Bolivian economy. It drives up the cost of labor, particularly in the Santa Cruz and Cochabamba Departments. It also renders the labor supply for legal activities (canning, construction, ranching, etc.) highly unreliable, as workers disappear for weeks and months at a time to work in the coca fields.

We raised with the Minister our concerns about corruption and lack of cooperation by the Bolivian pilots in Santa Cruz, the possibility of training UMOPAR pilots to fly the helicopters or finding alternative sources of pilots, the importance to American public and Congressional opinion of passage of the anti-narcotics law, and the need for Bolivia to make significant progress against drug trafficking in the near future.

We concluded by calling the Minister's attention to the problem in getting maintenance supplies from Cochabamba to the helicopters in Santa Cruz, and by suggesting the need for closer coordination among Bolivian law enforcement agencies and the military. The Planning Minister responded by indicating that negotiations over the anti-narcotics bill had diverted the government's focus away from operational questions of logistics and interagency cooperation.

He also suggested that his government was considering the establishment of a Cabinet-level position dedicated to that purpose. Whether this plan is implemented or not, the need for better coordination is a very real one that must be addressed immediately.

BOLIVIAN CONGRESS

At 4:30 p.m., we met with several members of the Bolivian Senate and Chamber of Deputies: Senator Hector Ormachea, President of the Economic Committee; Senators Daniel Cabezas and Alfredo Cuellar Vargas of the Narcotics Committee; and Deputies Alvaro Perez del Castillo and Antonio Ormachea of the Foreign Affairs Committee.

The newest idea concerning the anti-narcotics law is to convoke a special commission of specialists next month to study the law in detail. The Bolivian Congress will invite American observers to participate in this review process. When Congress returns from its recess in August, the commission will report a bill.

We were asked a number of detailed questions about our own Anti-Drug Abuse Act of 1986 and other laws, particularly about provisions relating to money laundering and the forfeiture of drug profits and proceeds. We were also asked for technical assistance in developing anti-corruption and conspiracy laws, such as RICO.

We raised the possibility that the American Embassy might help obtain the services of a knowledgeable Assistant U.S. Attorney or other lawyer from the Justice Department to assist the Commission in its work. Other possibilities raised were: providing a clear, written explanation of these laws, or providing assistance through the Administration of Justice program.

During the meeting, the legislators demonstrated a real concern about the need to approver the anti-narcotics legislation and to rid their country of the drug problem. They also made the point several times that combating cocaine production is the responsibility not only of Bolivia, but also of the United States, where so much of the demand and money for cocaine exist.

IV. Tuesday, April 14

AMERICAN CHAMBER OF COMMERCE OF BOLIVIA

A working breakfast with this group began at about 8:30 a.m. We reviewed many of the findings of our trip, and what is referred to as "the Bolivian reality." We were told that the idea of a visit by President Paz Estenssoro is being seriously considered.

The visit of the Pope to Bolivia next year was also discussed. We suggested that this visit might offer an opportunity to encourage the Catholic Church in Bolivia to become more active in the war on drugs.

Ambassador Rowell made a few remarks, which deserve repetition:

"Things often move here more slowly than you expect, and then suddenly change unexpectedly. The only advice I want to offer here is never to assume that you understand the entire problem, and never give up."

PEASANT AND AGRICULTURAL AFFAIRS MINISTRY

At 9:30 a.m., the Ambassador joined us in a meeting with Peasant and Agricultural Affairs Minister Justiniano. The Minister cited three different kinds of Bolivian agriculture:

1. The traditional labor-intensive agriculture in the Altiplano, where most Bolivians live;
2. The cultivation of coca, primarily in the Yungas region around La Paz and the Chapare; and
3. The more mechanized and commercial, and less labor-intensive, agriculture in Santa Cruz Department in the east. This area, he said, is the one offering the greatest potential.

Looking to the future, he predicted that the role of agriculture in Bolivian life is expected to become greater as the dependency on minerals decreases. Meanwhile, a way must be found to absorb the unemployed miners who have been streaming into the cities and causing unrest.

Another serious danger looming on the horizon is the expiration of Bolivia's contract to sell natural gas to Argentina. The contract expires in 1991, and Argentina has found natural gas sources in its own territory.

There is concern that terrorism may emerge, as it has in Peru, as a serious problem if the economy continues to be weak. There is also concern that if the government were to take action against the coca growers without providing compensation, leftists would attempt to exploit the situation.

The experience with Operation Blast Furnace, however, has emboldened the Bolivians. There was no major unrest, and the economy weathered the drop in cocaine revenues.

Minister Justiniano outlined a four-step eradication program that he believes will work:

1. Interdiction drives down the price of coca so it becomes less profitable;
2. The government facilitates, through agricultural development and credit programs, the departure of the campesinos from the Chapare and the return of as many as possible to their homelands. The experience with Operation Blast Furnace encourages him to believe that this number will be a very large one;
3. The government establishes an income support program for those that remain. Support continues while they wait for the alternative crops (e.g., citrus and coffee) to grow; and
4. Work proceeds on the development of an infrastructure of roads that will allow legal products to be moved to market profitably. Coca prices are so high, the Minister pointed out, that they can absorb current high costs of transportation and still yield a substantial profit. No other product can do that, so there is a need to reduce transportation costs dramatically.

We asked the Minister if he believed the elimination of two labs per week would be enough to achieve the first goal he outlined. He said he did not think so, but an aide with him added that, since the program has only been operational 1 month, it is too early to say for sure. He also said we do not know if the program will destroy two labs every week for a year.

One encouraging development is that the Minister has met with the organization of coca growers, which expressed the interest of many of its members in getting out of the coca business because of the pressure they have felt since Blast Furnace.

Minister Justiniano also expressed reservations about the cash payment proposal that others in the government are supporting.

He is concerned that, without the strictest controls, recipients could take the money and go into coca production in a new area.

Towards the end of our conversation, the Minister informed us that the night before, the Congress approved a $120 million incentives program using Industrial Development Bonds and loans to stimulate the private sector, particularly in the area of exports. Also, the nation's "economics cabinet" was expected to meet in the next few weeks to begin to develop other incentives to help reactivate the economy.

We concluded by asking whether the government has any plans to reform the educational system. We indicated that we had learned that the public universities were more interested in left-wing ideology than in providing their students the management skills and other technical expertise Bolivia needs.

He responded that this was a very sensitive political matter in Bolivia, that the government recognizes the need to reform the system, and is attempting to obtain more technical assistance in the area of export promotion, and for various educational programs, such as IDEA, a private-sector management training program.

Note: At 10:50 a.m., we met Frank Foulger at the American Embassy, and learned that demonstrations by students and workers had become more serious. We could see a large group of demonstrators two blocks away.

MINISTRY OF THE INTERIOR

At 11:00 a.m., the Ambassador joined us for a meeting with Interior Minister Juan Carlos Duran. The Ambassador explained that the Interior Minister had taken office very recently (in March).

The Interior Minister is Bolivia's chief law enforcement office. As such, he represents Bolivia's central police authority; is responsible for narcotics enforcement and domestic peace and tranquility; and supervisers the justices of the peace, who exercise quasi-judicial functions and have investigative powers.

Minister Duran is also the chief political representative of the President in the partisan political arena and the legislative process.

The Ambassador added a few words about Bolivia's legal system, saying that it derives from Roman Law, and is comparable to Italy's and France's.

We asked what the Minister's personal opinion was concerning the Huanchaca case Bolivia's most notorious drug trafficking case, named for the site of the lab whose destruction gave the case its start. We also asked about the related killings of a world-famous scientist and a member of the Chamber of Deputies.

The Minister replied that the government had recently concluded its investigations. After a raid on one of the largest cocaine labs in the country, the governments uncovered evidence of a extensive international narcotrafficking organization made up mostly of Colombians and Brazilians.

He said that the killing of the scientist, Noel Kempf, shocked the conscience of all Bolivians, focused national attention on the dangers of narcotrafficking, and galvanized Bolivian public opinion.

Deputy Salazar of the Chamber of Deputies was investigating the Huanchaca case which he was killed. Mr. Salzar was a friend of Mr. Duran. They had both been elected from Santa Cruz, and were colleagues in the Chamber of Deputies. There is strong evidence that the murder of Salazar was narcotics related.

Mr. Duran concluded by stating that specific results from this particular investigation are expected soon. He added that the Huanchaca case had led to other investigations that are also being pursued.

Finally, we asked if Bolivia could follow the example set by the Italian magistrates, who have shown great bravery, energy, and success in bringing major drug traffickers to justice.

He replied by stating that passage of their anti-narcotics law would make this more likely. He referred to a "résumé of accomplishments" summarizing what had been done during his first 6 weeks in office. He noted that seizure of tons of coca paste, and a long list of arrests. Also, for the first trime because of his order, Bolivan officers known as "fascales" have begun to accompany UMOPAR police to certify drug seizures. These certifications can be introduced as evidence in court, so the actual drugs can be destroyed, thereby reducting opportunities for diversion and corruption.

When we asked when we would see prosecutions of major traffickers, he referred to the many problems of proof, and the concern that if they proceed against such people and fail to obtain convictions, then the defendants will have acquired, in effect, a clean bill of health. However, he did indicate that significant developments could be expected soon.

Finally, we urged him to proceed against the corruption that is hindering the drug law enforcement effort in Bolivia. He indicated that the government had stepped up its arrests of police and would continue the effort.

Note: Tim Carlsgaard and Doug Dobson did not attend the meetings that morning with us. They were outside the United States Embassy during the demonstration. As the protest heated up, blasting caps were thrown in front of the Embassy. A short time later, a piece of dynamite was thrown at the door of the Embassy. Its explosion injured two guards. News reports on local radio soon after said that someone from the United State Embassy had come out and tossed a bag of explosives into the crowd. This is a good example of negative reporting that leads to anti-American sentiment.

On Wednesday, April 15, the day we returned to the United States, the Washington Post carried a brief mention of this incident at page A28 under the heading, "Bolivian Violence": La Paz, Bolivia—Dynamite sticks and a gasoline bomb hurled during a protest march by 12,000 workers and student injured at least nine people, including two men guarding the U.S. Embassy, witnesses said. Marchers protested the government's austerity measures.

The following is a list of recommendations and questions that arose from our site visits and many conversations with American and Bolivian officials.

V. Recommendations of Caucus Staff

1. The State Department, DEA, and U.S. representatives in Bolivia must reiterate to the Bolivian Government, and particularly the Chamber of Deputies, that coca eradication must proceed, and the delays in passing the anti-narcotics law must be overcome.

2. A visit by President Paz Estenssoro to the United States should be carefully considered. It may be that only by raising the issue of narcotics production and trafficking, and the many barriers to an effective anti-narcotics campaign, to the highest levels of attention can a real breakthrough be achieved.

3. The State Department should follow DEA's lead in adding personnel in Bolivia. There is a clear need to reinforce NAU operations in the Chapare region with at least two more contract employees.

4. DEA should analyze its intelligence-gathering operations to determine whether it might not be better for federal personnel to make on the spot decisions about which sites to attack. It may be that the time it takes for a decision to be made in La Paz gives the traffickers too much time to escape. At the same time, we recognize that field personnel are spread very thin, and cannot affort to go to locations that do not turn out to contain cocaine processing laboratories.

5. We should be providing DEA with radio equipment that is suitable for communications between its field personnel and with headquarters in La Paz.

6. DEA and NAU need additional helicopters. They should carefully consider whether two-engine helicopters would be appropriate additions to the existing fleet of HUEY helicopters. They should also attempt to find an altenative source of helicopter pilots, whether by training UMOPAR police, hiring pilots from the private sector, or otherwise.

7. There is a need for a major enforcement initiative against the so-called "Colombian Connection," made up of powerful Columbian families who are the key instigators of international cocaine trafficking, and the Bolivian families that assist them.

8. A major anti-corruption drive is urgently needed.

9. Because either today has very limited legal uses, control of the production and transportation of this precursor chemical should be a major law enforcement priority throughout South America.

10. Inefficiency in the area of logistics must be reduced significantly. These are long delays in supplying field personnel with the most basic and essential maintenance material, such as oil, air and gas filters for helicopters.

11. The possibility of training of UMOPAR police in the use of plastic explosives should be carefully studied and considered, as should improved methods of destroying equipment that cannot be removed from lab sites. One possibility is the use of thermite grenades that can melt through equipment DEA determines needs to be destroyed. The current method of shooting bullets parts of the equipment to be salvaged.

12. The Bolivians should be encouraged to set up an inter-agency council that meets regularly to solve problems of cooperation and coordination.

13. The Departments of State and Justice should express to the Bolivian government our continuing strong interest in the extradition of narcotraffickers from Bolivia.

14. The Bolivians should be encouraged to pursue all investigations and leads developed as a result of the Huanchaca case.

A copy of this report will be submitted to the Senate Appropriations Committee and Caucus of International Narcotics Control, of which Senator D'Amato and Senator DeConcini are members. A copy will also be submitted to the Senate Foreign Relations Committee, the Department of State Bureau of International Narcotics Control and Agency for International Development, the Drug Enforcement Administration, and the Government of Bolivia. The State Department agencies and the DEA will be asked to answer the questions at the end of this report that pertain to their programs and responsibilities. The answers, in turn, will be submitted to the Senate Foreign Relations Committee, Appropriations Committee, and Caucus on International Narcotics Control.

VI. State Department Responses to Recommendations

U.S. Department of State,
Washington, DC, July 16, 1987.

Dear Mr. Chairman: Thank you for your letter of June 29, in which you include a copy of the staff report being prepared by the Senate Caucus on International Narcotics Control.

I am enclosing answers to the recommendations and questions posed at the end of the report, and hope these responses will enable preparation of the report of the staff members who travelled to Bolivia.

Sincerely,

J. Edward Fox,
Assistant Secretary,
Legislative and Intergovernmental Affairs.

Recommendation 1. The State Department, DEA, and U.S. representatives in Bolivia must reiterate to the Bolivian Government, and particularly the Chamber of Deputies, that coca eradication must proceed, and the delays in passing the anti-narcotics law must be overcome.

Answer. All elements in the U.S. Mission have worked together intensively and continuously to help the Bolivian Government develop a viable, sustainable coca eradication program. At the same time, we continue to impress upon Bolivians at all levels, official and private sectors, that a comprehensive coca eradication strategy must be implemented as soon as possible. No one in the Government—or outside it for that matter—is in doubt about U.S. views on the overriding need for effective eradication of illegal coca cultivation. The basic 3-year anti-narcotics strategy signed on February 24, between the U.S. and Bolivia and the two annexes (on interdiction/enforcement and eradication/development programs) now nearing completion are a direct result of these ongoing efforts to cooperate. Once this full agreement is final, a key element of the comprehensive eradication program will be in place.

Throughout this long process, the GOB has had to overcome resistance to the anti-narcotics program in general and eradication in particular. Many honest, concerned Bolivians hold strong reservations over the impact on Bolivia's economic, social, and political systems of a major confrontation with well-funded narco-traffickers and/or militant coca growers. We are trying to help the GOB to address legitimate concerns in a responsible way. For its part, high level GOB officials, including five Cabinet Members, met in a seminar in early July to discuss narcotics control in the context of the proposed legislation with representatives from all over the country. We have continued to urge approval of the anti-narcotics law since its introduction in December 1985. The bill underwent significant favorable changes before its passage by Bolivia's Senate last March. The legislation will be considered in the Chamber of Deputies when Congress reconvenes on August 6. The President of Bolivia's Senate, maybe optimistically, recently predicted its approval by September 30. We suspect final passage will be later in the year. In the meantime, however, we continue a steady dialogue with Chamber representatives and others.

Recommendation 2. The State Department should follow DEA's lead in adding personnel in Bolivia. There is a clear need to reinforce NAU operations in the Chapare region with at least two more contract employees.

Answer. The narcotics assistance unit currently has two temporary field advisors under contract in the Chapare. One is contracted until March 1988, the second will depart in July 1987 and is scheduled to be replaced in August/September 1987 by an advisor with a 1-year contract. Current funding levels allow for hiring additional field advisors and we are actively recruiting.

Recommendation 3. DEA should analyze its intelligence-gathering operations to determine whether it might not be better for field personnel to make on-the-spot decisions about which sites to attack. It may be that the time it takes to make a decision in La Paz gives the traffickers too much time to escape. At the same time, we recognize that field personnel are spread very thin, and cannot afford to go to locations that do not turn out to contain cocaine processing laboratories.

Answer. In their supportive role to the Bolivian UMOPAR anti-narcotic police, DEA field supervisors can make recommendations in the field regarding raids on suspect sites. They have not exercised this prerogative because deviation from these targets could result in a delay in hitting targets which have been reviewed and prioritized. To avoid delays information is passed directly to the intelligence unit for analysis and evaluation. This procedure identifies top priority targets and permits more informed decisions on targets to strike and in the long run better utilization of resources.

Recommendation 4. We should be providing DEA with radio equipment that is suitable for communications between its field personnel and headquarters in La Paz.

Answer. The U.S. Southern Command recently loaned DEA personnel in the field radio units together with the necessary training for their proper operation. Additional radios have been ordered by DEA for Bolivia. The DEA regional technician recently visited all DEA sites in Bolivia to repair and fine-tune all radio equipment on

hand. Under the best of circumstances, however, Bolivia's varied terrain makes regular, extensive communication highly problematic.

Recommendation 5. DEA needs additional helicopters. It should carefully consider whether two-engine helicopters would be appropriate additions to the existing fleet of Huey helicopters. It should also attempt to find an alternative source of helicopters pilots, whether by training UMOPAR police, hiring pilots from the private sector, or otherwise.

Answer. At present we are concentrating our efforts on maximizing the utilization of the six Hueys which are currently in Bolivia. These helicopters belong to the U.S. Army and are on loan to the State Department's Bureau of International Narcotics Matters for use in Bolivia. When we are satisfied that there exists in Bolivia the coordination and infrastructure necessary for at least normal utilization rates of these six Hueys, we will examine if there is a need for additional helicopters. Should the USG provide more airlift capacity in Bolivia, we would consider two-engine aircraft, which have a greater safety margin. While it might be possible to find other sources of helicopter pilots, it is doubtful that the ministry of defense would approve their participation. However, if we do not soon achieve satisfactory availability of the Bolivian Air Force pilots, we will begin discussions regarding alternatives.

Recommendation 6. There is a need for a major enforcement initiative against the so-called "Colombian Connection," made up of powerful Colombian families who are the key instigators of international cocaine trafficking, and the Bolivian families that assist them.

Answer. The 3-year enforcement/interdiction plan, prepared jointly by the GOB and USG, forms the basis of annex 1 of the proposed new bilateral anti-narcotics agreement. This interdiction plan is a comprehensive plan that includes arresting the major violators operating in Bolivia, including those Colombians who are established in trafficking networks here.

Recommendation 7. A major anti-corruption drive is another urgent necessity.

Answer. The Government has made a credible start to root out corruption but much needs to be done. For example, several judges in Santa Cruz are under investigation for their blatant release of drug trafficking suspects, and a police colonel recently was arrested at La Paz Airport for attempting to smuggle drugs and is now before the courts. The latter case is noteworthy because the arrest was made by Bolivian police who discovered the crime based solely on their own intelligence. Still, pitifully low salaries and entrenched poverty sustain police vulnerability to corruption. Building the institutional framework and competence to combat corruption in a major way will take time and is inextricably tied to economic stability and reactivation. It appears, however, that the current Bolivian leadership is committed to the task.

Recommendation 8. Because ether today has very limited legal uses, control of this precursor chemical should be a major law enforcement priority throughout South America.

Answer. The 3-year enforcement/interdiction plan being coordinated with the Bolivians targets precursor chemicals, including

ether, at all stages of the cocaine production cycle within Bolivia. In addition, the comprehensive 2-year DEA Washington plan targets precursors throughout all of South and Central America.

Recommendation 9. Inefficiency in the area of logistics must be reduced significantly. There are long delays in supplying field personnel with the most basic and essential maintenance material, such as oil, air and gas filters for helicopters.

Answer. This is clearly a major problem which is shared by both the Bolivian and U.S. Governments. The resolution will depend in large part on better coordination of pilots and mechanics, improvements in our parts pipeline, and overall maintenance supervision. We are working on all three.

Recommendation 10. The possibility of training UMOPAR police in the use of plastic explosives should be carefully studied and considered, as should improved methods of destroying equipment that cannot be removed from lab sites. Another possibility is the use of thermite grenades that can melt through equipment DEA determines needs to be destroyed. The current method of shooting bullets at the equipment or burning it allows parts of the equipment to be salvaged.

Answer. The new training course for Bolivian police includes instruction on uses of explosives. Since plastic explosives are expensive and not readily available in Bolivia, it is more important to teach the proper use of dynamite which is more efficient and cost effective.

Recommendation 11. The Bolivians should be encouraged to set up an inter-agency council that meets regularly to solve problems of cooperation and coordination.

Answer. The Cabinet is currently discussing setting up an effective, efficient interdiction structure to overcome identified cooperation and coordination problems. No firm decisions have been made as yet, but they are thinking of creating a new sub-Secretariat or special separate Secretariat of Narcotics in the Interior Ministry to pull together the various elements of the interdiction/eradication network. Whatever the eventual solution, the Bolivians are aware of existing difficulties and are in the process of dealing with them.

Recommendation 12. The Departments of State and Justice should express to the Bolivian Government our continuing strong interest in the extradition of narco-traffickers from Bolivia.

Answer. Extradition of traffickers is included as a major objective in the joint 3-year enforcement/interdiction plan of annex 1. We have reviewed with GOB existing treaties and methods for extraditing indictable narcotics traffickers.

Recommendation 13. The Bolivians should be encouraged to pursue all investigations and leads developed as a result of the Huanchaca case.

Answer. There is deep lingering concern over the Huanchaca murders, expecially in the Santa Cruz area, home of the victims who included a reknowned Bolivian scientist. The Government has expressed its determination to press ahead with the case. Seven suspects in the murders were arrested in late March. One of those arrested is a prominent Santa Cruz businessman. All the others are his employees, including two who were released in April alleg-

edly for lack of evidence. The judges responsible for the release now are under investigation themselves.

VII. State Department Responses to Questions

Question 1. In 1986, how many acres did the U.S. Mission in Bolivia estimate are dedicated to coca cultivation? How does this compare to the State Department's "International Narcotics Control Strategy Report"? Why the discrepancy, if any?

Answer. The 1986 INCSR estimated that 32–38,000 hectares are dedicated to coca cultivation in Bolivia. This figure has been vetted through an interagency committee and is our best estimate to date. A higher estimate of 60,000 hectares was derived from a 1984 study of the Chapare and the Yungas coca cultivation areas. This latter study is considered less accurate.

Question 2. What was the decisionmaking process by which eight very expensive boats were chosen for DEA to operate as part of a planned marine interdiction program? To what extent did DEA make the decision to select these particular boats? To what extent was the decision made by the military group in Bolivia? What are the staffing requirements for these boats? How much will they cost? Which agency will pay for them, and what percentage is the amount of said agency's budget in Bolivia?

Answer. The eight Piranha boats are to be loaned to the Bolivian Navy for riverine interdiction. The choice appeared best suited to local conditions. DEA will, as manpower resources allow, provide operational assistance and intelligence support. The decision to purchase boats suited for Bolivia's inland waterways was a Mission decision based on recommendations by top technical experts. The boats are to be jointly manned by personnel of the Bolivian Navy and UMOPAR, with assistance fom DEA. The boat purchase, funded by INM, cost approximately $700,000 or 7 percent of 1987 INM program funds for Bolivia.

Question 3. What is the status of the American Embassy's request for anti-terrorism assistance funds to help with the training of Bolivian law enforcement officers?

Answer. As required by law, the Department of State has submitted to Congress a request for Bolivia to participate in the ATA program. The Embassy is working with the Government to identify suitable candidates for appropriate courses.

Question 4. Is there a clear State Department plan or Bolivian Government request for assistance that the United States can act on to support and encourage peaceful municipal elections in Bolivia this year?

Answer. National Electoral Court (CNE) officials have held extensive discussions with Embassy officials to present suggestions and request assistance for the December 1987 municipal elections. The Embassy arranged a March 30–31 visit to Washington for a CNE member to exchange views on Bolivia's consolidation of Democracy and possible sources of support. One result has been CNE contact with the San Jose-based center for electoral promotion and assistance (CAPEL), with the prospect of inviting several CAPEL experts to Bolivia. USAID La Paz also has requested from Washington technical and financial assistance to develop an administration of

justice project, some portion of which could be dedicated to assisting the electoral process here.

We also have provided a number of suggestions to the electoral court and political leaders for obtaining broader based assistance. Those ideas include forming a "Friends of Bolivian Democracy" group and approaching the EEC, Canadians, and others. The initiative to pursue these ideas and others now lies with the electoral court. The CNE has indicated it needs financial assistance to help establish a desparately needed national voter registration list. The Bolivians are aware that the United States stands ready, within current resource limitations, to do what it can to support their efforts in this regard.

Question 5. We should ask CRS to prepare a clear analysis of the legality, under the Foreign Assistance Act or other U.S. law, of our providing funds to pay Bolivian peasants who eradicate coca voluntarily during the first year of the eradication program. Also, would it be legal for the State Department to agree to provide these funds "subject to" Bolivia's enactment of the anti-narcotics law, and Bolivian implementation of a cash payment plan that the President of the United States certifies is effective?

Answser. At this stage, there is no proposal for the United States to compensate directly farmers who eradicate coca other than the agreed payment of $350 per hectare labor costs. The Embassy has told the Bolivian Government that direct U.S. payment for eradication is contrary to current policy and possibly in violation of the Foreign Assistance Act. Based on that assessment, the Bolivian Government decided to fund such payments from its own limited resources.

Question 6. Is it possible for the American Embassy to help obtain the services of a knowledgeable assistant U.S. attorney or other lawyer from the Justice Department of assist the Chamber of Deputies and its anti-narcotics law commission in its work this spring and summer? If not, can it provide a clear, written explanation of these laws, or provide assistance through the Administration of Justice program?

Answer. The U.S. Embassy provided, during the early drafting of the proposed anti-narcotics law, the assistance of a knowledgeable Bolivian lawyer and at various stages volunteered to key Senators and Deputies our assessment and comments to strengthen the legislation.

The proposed anti-narcotics law, which has passed the Senate and will be debated in the Chamber of Deputies when Congress reconvenes on August 6, is (with the exception of its ban on the use of herbicides against coca) a good one as it now reads. We believe that potential problems are more likely to be political rather than technical—winning the broad consensus necessary to allow the law to be effectively implemented. Tinkering with language or concepts is not necessary, and the services of the Justice Department in this regard would not be put to the best use.

Question 7. How far along are the plans for development of roads in Bolivia that will allow legal products to be moved to market profitably? Has Bolivia made a formal request for U.S. assistance on such a project? If so, what is the status of that request?

Answer. Since 1983, the Government's Servicio Nacional de Caminos (National Road Service) was to receive U.S. financing (approximately $3.5 million) and technical assistance for farm-to-market road improvement in the Chapare under USAID's Rural Roads II Project. However, road work was suspended in February 1986 because of concern that certain improved rural roads could be used as landing strips for light airplanes carrying narcotics.

The modified USAID strategy relative to narcotics development efforts takes into consideration that, under the revised Rural Roads II Project, resources will be used only to maintain the main highway into the Chapare region by improving a limited number of key bridges and insuring that the surface is passable. This work is being done mainly to facilitate narcotics interdiction. At the same time, however, once the annexes to the bilateral narcotics agreement are signed, USAID will launch a new program for improving farm-to-market roads in the high valleys region within the Department of Cochabamba in order to improve economic conditions in those areas of migrant origin into the Chapare.

This adjustment in project strategy is based on the assumption that, with the implementation of an effective and sustained interdiction program and the concomitant decline in coca prices in the Chapare, many of the current residents of the region will return to their areas of origin, mainly the upper valley areas of Cochabamba. By improving the roads and carrying out other development activities in those areas, the United States and Bolivian Governments will facilitate the transition of coca farmers to legitimate economic endeavors.

Question 8. How many cocain labs does DEA plan to destroy this year? At one point, agents in the field indicated that their goal was the destruction of 40 labs for all of 1987. In La Paz, we were told that the goal was the destruction of two labs per week. How is the actual goal set? Does DEA believe that, if this target is achieved over one year, the price of coca will be reduced so that coca cultivation will become unprofitable? If not, how many labs would have to be destroyed each week, and over what period of time, to achieve that goal?

Answer. The target of two cocaine hydrochloride laboratories per week was set based on estimated optimal operating conditions. However experience has shown that the optimum operating conditions are not sustainable due to weather, logistic difficulties, coordination problems and equipment failures. A sustained program, rather than a specific number of targets per week, is the key to a distruption of cocaine HCl traffic. The strikes against HCl labs plus all other elements of the interdiction program should reduce the profitability of coca cultivation.

Question 9. What controls does the Bolivian Government propose in order to prevent recipients of cash from taking money provided under its proposed cash payment plan, and going into coca production in a new year?

Answer. The proposed peso equivalent of a 1,650 payment per family for the transition to legitimate economic activities is not sufficient to re-establish coca cultivation given the current economic realities of coca production. Current estimates indicate that it costs approximately $4,000 to start up a hectare of coca. An addi-

tional deterrent is that it takes 3 to 4 years to realize the first coca harvest. In any event interdiction is designed to drive the price of coca leaf below production costs, and instill a sense of uncertainty among coca farmers about the economic feasibility of continued coca production. Furthermore, the new law will outlaw planting of new coca: enforcement of this aspect of the law will be important; only under those conditions will the entire 3-year anti-narcotics strategy work. The payment program is only one part of that overall effort.

Question 10. What assistance is AID providing Bolivia's educational system? The Universidad Privada de Santa Cruz de la Sierra has applied for assistance. Can any be provided? We are informed that the Bolivian Government is attempting to obtain more technical assistance in the area of export promotion, and for various educational programs, such as "IDEA", a private-sector management training program? Does AID have any information about these or similar projects in Bolivia?

Answer. Over the last 20 years USAID/Bolivia has carried out a series of major grant and loan projects with the Ministry of Education totalling approximately $40 million. The most recent project, Rural Education II, terminated on January 31, 1987. This and other projects were aimed at improving teacher training, curriculum, teaching materials, and facilities for rural education, providing postive benefits for the national education system as a whole. In addition, a major administrative reform project was carried out with the Ministry of Education in the mid-1970's.

At the moment, USAID/Bolivia has no major bilateral projects with the Government in education. Nevertheless, a series of activities aimed at consolidating the results of past efforts are underway, as well as other educational efforts with the private sector.

These public and private projects include:

—Local currency support for long-term training of rural school teachers nationwide.
—Technical assistance (local currency) for a material production center owned by the Education Ministry.
—Research into the primary school drop-out problem, its dimensions, and implications.
—A radio learning project with Jesuit-run public schools testing the value and potential for use of radio in math education.

In addition, the "IDEA" management training project is a $3 million USAID-funded program designed to support the development of an independent management training institute to provide intensive, short-term management training to Bolivian businessmen and women. The Santa Cruz Regional Office of IDEA closely coordinates such "train-the-trainers" activities, as well as courses, seminars, and fora for top and middle-level management with the universidad Privada de Santa Cruz (UPSC). Both IDEA and the UPSC are supported institutionally by the Federation of Private Businessmen in Santa Cruz. Resource sharing with the private sector is vital. AID is interested in supporting development-related projects such as the IDEA project (as opposed to institutional development projects) with the Universidad Privada de Santa Cruz.

USAID/Bolivia intends to design and begin implementation of export promotion project in fiscal year 1988.

Question 11. What was the request for personnel, equipment, supplies, and budget submitted by the DEA and NAU offices in Bolivia in FY 1986 and 1987, and what have they been provided? If they have been provided less than they requested, what is the rationale? What is their request for fiscal year 1988? What are they expected to receive? If this is less than their request, what is the rationale?

DEA

A. The specific budget figures for DEA in Bolivia are a combination of the La Paz Country Office (LPCO) operating budget, allocation from the cocaine enforcement section of DEA headquarters, and that portion of the DEA airwing budget which has been allocated to operations in Bolivia. Of the three, the LPCO budget is the smallest amount and in fiscal 1987 will amount to $320,400. The central funding figures of the other two sources are maintained in Washington.

B. The DEA Bolivia budget request for fiscal year 1987 was slightly reduced in operational aspects by DEA headquarters because much of the day-to-day funding is programmend by DEA to be taken from a central operational fund. No request has yet been submitted for fiscal year 1988, but a significiantly increased request is anticipated.

C. DEA personnel requests for Bolivia during fiscal year 1987 were for an additional 13 permanent slots, 12 of which were approved by DEA headquarters and are in the process of being filled. There eventually will be 39 permanent DEA personnel and 4 contract personnel assigned to Bolivia. To fill current needs, DEA has maintained an average temporary duty staff of 15 people in Bolivia to date during fiscal year 1987.

NAU

The NAU budget requests for fiscal years 1986, 1987 and 1988 were $7.65, $9.0, and $7.5 million respectively. The amounts granted were $3.9, $12.2, and $7.3 million and reflect decisions on the levels of programming which could be made operational in these years. The fiscal year 1989 request is $16.3 million, which is under review. Two State Department INM officers staff the NAU unit. There are two contract employees at work in the Chapare region. (See also recommendation 2.)

Question 12. Finally, there is some uncertainty whether we have a clear understanding of who the owners of the Chapare coca fields are. Do the Bolivians have reliable land ownership records? If so, do they indicate whether the peasants working in the coca fields are the owners of these lands? Has any attempt been made to determine how prevalent absentee land ownership is in the Chapare and other coca producing regions where the voluntary eradication program would operate? Has any attempt been made to determine the extent to which the payment of $2,000 per hectare would correlate to payment of $2,000 per family, and the extent to which it would result in multiple payments of $2,000 to relatively wealthy owners of extensive holdings?

Answer. The majority of Chapare campesinos have not registered the land they work. Some, however, do have documents issued by the Office of Colonization for the parcels where they live and cultivate. In the settled areas of the Yungas region, there should be clear titles to the land. The campesino confederations are the appropriate sources to verify land ownerhsip prior to initiating voluntary eradication. As part of the process of demarking the amount of coca under cultivation by each individual, DRAPCO (the Government agency charged with carrying out the voluntary eradication program), also records any ownership documents that the farmer possesses.

Past experience in the Chapare has demonstrated that coca plots, usually worked by a family unit, generally do not exceed one hectare and in fact are usually smaller. Of the proposed $2,000 payment, $350 per hectare is to be paid pro rata by the United States for the labor involved in eradication. The remaining local currency payment of the equivalent of $1,650 will be paid by the Bolivian Government. We understand the GOB plans to pay this amount per hectare rather than per family due to the administrative difficulties there would be in determining what constitutes the family and what constitutes the entire family holding.

VIII. Drug Enforcement Administration Responses to Questions From Senator Biden

U.S. Department of Justice,
Drug Enforcement Administration,
Washington, DC, July 16, 1987.

Hon. Joseph R. Biden, Jr.,
Chairman, Caucus on International Narcotics Control, U.S. Senate, Washington, DC.

Dear Mr. Chairman: Reference is made to your letter dated June 29, 1987 requesting answers to three congressional staff questions.

The first question addresses eight Piranha patrol boats purchased for a Riverine Interdiction Program which are to be loaned to the Bolivian Navy for this program. This type appeared best suited to meet the criteria unique to the rivers of Bolivia. DEA will, as manpower resources allow, provide operational assistance and intelligence support. The decision to purchase these boats was the decision of the U.S. Embassy.

These boats will be jointly manned by personnel of the Bolivian Navy and UMOPAR under the direction and coordination of DEA boat handlers.

In view of the additional logistical requirements for riverine operations, the Embassy requested that the number of boats be reduced from the original eight. The eight boat purchase was funded by INM at a cost of approximately $720,000 or 11.7 percent of 1987 INM funding for Bolivia.

The second question pertains to the projected number of cocaine laboratories to be seized and the effect it will have on the price of coca.

The target of two cocaine hydrochloride laboratories per week was set based on estimated optimum operating conditions. The en-

tering, inventorying, collection of investigative leads and destruction of the site under the best conditions requires a minimum of three days per laboratory. This timetable suggests two positive strikes per week under optimum operating conditions.

While two strikes per week are the DEA goal, experience has shown that the optimum operating conditions are not sustainable due to weather, logistical difficulties, coordination problems and equipment failures. A sustained program, rather than a specific number of targets per week, is the key to a distruption of cocaine HCl traffic which will lower the profits associated with coca cultivation.

The third question addressed the requests for personnel, equipment, and budget submitted by DEA and NAU offices in Bolivia for FYs 1986, 1987, and 1988 as well as cuts and justification for same.

The specific budget figures for DEA in Bolivia are a combination of the La Paz Country Office operating budget, allocation from the Cocaine Investigations Section of DEA Headquarters, and a portion of the DEA Air Wing budget which has been allocated for operations in Bolivia. Of the three, the La Paz Country Office budget is the smallest amount and in FY 1987 will amount to $1,320,400.00. The central funding figures of the other two sources are maintained in Washington.

The La Paz Country Office budget request for FY 1987 was slightly reduced in operational aspects by DEA Headquarters because much of the day-to-day funding is programmed by DEA to be taken from a central oprational fund. No request has yet been submitted for FY 1988, but a significant increase is anticipated.

DEA personnel requested for Bolivia during FY 1987 were for an additional 13 permanent positions, 12 of which were approved and are in the process of being filled. There eventually will be 29 permanent DEA personnel assigned to Bolivia and 4 contract personnel. To fill current needs, DEA has maintained an average temporary duty staff of 15 people in Bolivia to date during 1987.

The NAU budget requests for FYs 1986 and 1987 were 4.6 and 6.3 million dollars respectively. These amounts were granted. The FY 1988 request is 17 million dollars. Two State Department INM officers staff the NAU. There are two contract employees currently deployed in the Chapare Region.

If I can be of any further assistance, please let me know.

Sincerely,

JOHN C. LAWN, Administrator.

○